

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

OES-03 DOTE-00 FMC-01 DLOS-03 COA-01 CG-00 /082 R

DRAFTED BY EB/TT/MA:JPSTEINMETZ:BST

APPROVED BY EB/TT/MA:JPSTEINMETZ

MARAD:RBOURDON

EUR/RPE:JTARRANT

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R 280024Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY OTTAWA

AMEMBASSY ATHENS

AMEMBASSY LISBON

AMEMBASSY DUBLIN

AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

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E.O. 11652:N/A

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TAGS: EWWT, EIND, OECD, EEC

SUBJECT: OECD WP NO. 6 ON SHIPBUILDING

REF:A)LONDON 1149 B) BRUSSELS A-250, DECEMBER 3, 1974

1. USG IS NOT PRESENTLY CONSIDERING ACCESSION TO EITHER THE REVISED OECD UNDERSTANDING ON EXPORT CREDITS FOR SHIPS OR GENERAL ARRANGEMENT FOR THE PROGRESSIVE REMOVAL OF OBSTACLES TO NORMAL COMPETITIVE CONDITIONS IN THE SHIPBUILDING INDUSTRY. BOTH THE AGREEMENT AND THE UNDERSTANDING ARE COUNCIL WP-6 MEMBER EFFORTS TO REDUCE THOSE FACTORS WHICH "DISTORT NORMAL COMPETITIVE CONDITIONS IN THEIR SHIPBUILDING INDUSTRIES", PARTICULARLY VARIOUS GOVERNMENT SCHEMES TO INCREASE EXPORT SALES.

2. OECD MEMBERS ARE CORRECT THAT THE U.S. SHIPBUILDING INDUSTRY HAS NO SIGNIFICANT EXPORT SALES AT THIS TIME. CURRENT U.S. EFFORTS ARE TO REVITALIZE THE U.S. SHIPBUILDING INDUSTRY AND MODERNIZE THE U.S. FLAG MERCHANT FLEET. THE BASIS FOR SUCH IS, INTER ALIA, THE MERCHANT MARINE ACT, 1970 WHICH PROVIDES FOR A PHASED REDUCTION OF CONSTRUCTION DIFFERENTIAL SUBSIDIES. CURRENT SUBSIDY RATES AS A PERCENTAGE OF TOTAL COST AVERAGE IN THE MID-THIRTIES. THE ONLY AREA OTHER THAN CERTAIN SPECIALIZED FISHING VESSELS, WHERE U.S. SHIPYARDS MIGHT BE ABLE TO COMPETE IS IN THE CONSTRUCTION OF LNG CARRIERS, APPARENTLY THE CONCERN OF FRANCE AND JAPAN. HOWEVER, THOSE LNG VESSELS CURRENTLY UNDER CONSTRUCTION IN AMERICAN SHIPYARDS ARE FOR U.S. RELATED ENERGY PROJECTS AND WILL BE AMERICAN REGISTERED AND CREWED. THE LOWER SUBSIDY RATE OR ABSENCE THEREOF ON THESE LNG VESSELS IS ATTRIBUTED TO ADVANCED U.S. CRYOGENIC TECHNOLOGY AND ATTRACTIVE TITLE XI MORTGAGE INSURANCE. CONSTRUCTION SUBSIDY MONIES AND MORTGAGE INSURANCE WOULD NOT BE AVAILABLE FOR VESSELS CONSTRUCTED FOR EXPORT.

3. DEPARTMENT BELIEVES OECD WP-6 MEMBER CONCERN PARA 1 UNFOUNDED CONSIDERING CIRCUMSTANCES OUTLINED ABOVE. SHOULD THE PRESENT SITUATION CHANGE AND THE U.S. FINDS ITSELF IN LIMITED OFFICIAL USE

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THE POSITION TO COMPETE IN THE EXPORT MARKET FOR MERCHANT VESSELS IT CAN BE EXPECTED THAT THE QUESTION OF USG ACCESSION TO THE OECD UNDERSTANDING AND ARRANGEMENT WOULD BE REVIEWED. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SHIPBUILDING INDUSTRY, COMMITTEE MEETINGS, EXPORT CREDIT GUARANTEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Reference:** 75 ONDON 1149, 75 BRUSSELS A-250, 75 DECEMBER 3, 75 1974  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** OECD WP NO. 6 ON SHIPBUILDING  
**TAGS:** EWWT, EIND, US, OECD, EEC  
**To:** LONDON  
**Type:** TE  
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